

## Message Text

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43

ACTION H-03

INFO OCT-01 AF-05 EUR-06 ISO-00 SS-07 NSC-06 AID-01 DRC-01

RSC-01 NEA-05 IO-03 /039 W

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R 081610Z JAN 74

FM USINT ALGIERS

TO SECSTATE WASHDC 9998

INFO AMEMBSSY PARIS

AMEMBASSY LAGOS

AMEMBASSY TRIPOLI

AMEMBASSY ROME

AMEMBASSY LONDON

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY KUWAIT

AMEMBASSY VIENNA

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O.11652: N/A

TAGS: ENRG, OREP, AG

SUBJECT: SENATOR JOHNSTON VISIT AND ALGERIAN OIL PRICES

REF: A. ALGIERS 2148 B. ALGIERS 0042 (NOTAL)

1. IN MEETINGS WITH SENATOR JOHNSTON OF LOUISIANA, ALGERIAN MINISTRY OF INDUSTRY AND ENERGY OFFICIALS AND SONATRACH PRESIDENT GHOZALI BOTH EMPHASIZED PRICE OF ALGERIAN OIL WOULD BE DETERMINE BY OPEC. THEY HAVE ANNOUNCED THEIR PRICE FORMULA, ALGIERS 2148, WHICH IS BASED ON GENERAL MARKET PRICE FOR OIL. THIS GENERAL MARKET PRICE IS NOT SPOT SALES OR AUCTIONS, BUTH RATHER THE POSTED PRICE OF THE PRINCIPLE GULF PRODUCERS.

2. FOR NOVEMBER AND DECEMBER ALGERIAN PRICE FOR OIL WAS A LIMITED OFFICIAL USE

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POSTED PRICE OF \$9.25 A BARREL AND A SELLING PRICE OF \$7.60 THE

NEW PRICE FOR JANUARY WILL DEPEND ON THE RESULTS OF THE GENEVA MEETING OF OPEC. THE ALGERIANS REFUSED TO BE DRAWN OUT ON THE QUESTION OF A LOWER OIL PRICE FOR LDC'S AND DC'S BEYOND MINIMIZING THE PROBLEM.

3. GHOZALI INDICATED THAT HE WOULD BE GOING TO JAPAN TOWARD THE END OF JANUARY AND WOULD PROBABLY BE STOPPING IN WASHINGTON. EL PASO HAD ALREADY CONTACTED SONATRACH ON RENEGOTIATING THE PRICE OF LNG COVERED BY THE EL PASO II CONTRACT. GHOZALI SAID HIS GOVERNMENT HAD NOT SET A NEW GAS PRICE YET, BUT HE DID REFER TO THE 60 CENT A MILLION BTU PRICE OF RECENT LNG CONTRACTS WITH EUROPEAN BUYERS AND ALSO CITED A PRICE OF \$2.40 A MILLION BTU FOR OIL IF ONE USES THE NEW \$14 A BARREL GULF STATES OIL PRICE.

4. FINALLY GHOZALI SAID SONATRACH WAS NOW PRODUCING AT ABOUT 85 PERCENT OF CAPACITY UP FROM DECEMBER 75 PERCENT CAPACITY. EAGLETON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
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**Draft Date:** 08 JAN 1974  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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